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## **Testimony of the Boston Municipal Research Bureau**

### **Before the MBTA Fiscal and Management Control Board**

**March 27, 2017**

#### **Regarding: Outsourcing of Bus Maintenance**

Mr. Chairman, I am Samuel R. Tyler, President of the Boston Municipal Research Bureau, and I am here to speak in support of the Massachusetts Bay Transportation Authority (MBTA) sending out RFPs for bus maintenance services. The Research Bureau supports the MBTA's efforts to maximize service efficiency and budget savings in its operations, and we believe that taking steps to bring bus maintenance services more in line with industry standards is the logical next step at this time.

The Boston Municipal Research Bureau is a business and institutional supported nonprofit organization established to provide independent and objective analysis of financial and public policy issues for the purpose of promoting efficient and responsible government in the City of Boston. In this role, the Research Bureau has advocated for increased competition in city service procurement.

Improved service efficiency of the MBTA is important to the City of Boston for several reasons. This fiscal year the City's MBTA assessment is \$83.8 million which represents 51.1% of the total MBTA local assessment. Also, an efficient and reliable public transportation system is critical to the Boston economy in all aspects of its service in downtown and all its neighborhoods.

The Financial and Management Control Board and MBTA management are to be commended for the successes achieved to date in reducing the projected operating deficit from earlier projections by better control of spending and increases in own-source revenues. The projected savings over ten years through warehouse outsourcing and money room outsourcing are particularly noteworthy due to the contracting flexibility now available to the MBTA.

The expected success of these two outsourcing initiatives and the information from recent studies prepared for the MBTA regarding potential savings and efficiencies that could result from outsourcing all or portions of the MBTA's bus maintenance and management services makes now the appropriate time to release RFPs for bus maintenance services. That point is reinforced by the fact that 35% of the MBTA's bus fleet will be new and under warranty in fiscal 2018.

Sufficient analysis of bus maintenance costs at the MBTA compared with other bus maintenance models is available to indicate that the ability to achieve significant savings by involving private industry for all or part of the MBTA's bus maintenance and management is possible.

- In fiscal 2016, the MBTA's total cost of bus maintenance was \$132 million which translated into a maintenance cost of \$56.00 per revenue hour.
- The Worcester Regional Transit Authority's maintenance cost per revenue hour was \$25.00.
- Regional Transit Authorities are authorized by state law (MGL Chapter 161B) to contract for transportation services
- Data compiled by the MBTA or other public or private entities indicated the potential of maintenance costs per revenue hour for the MBTA of between \$31.00 and \$27.00

Because of the possibility of significant savings and improved management, the Research Bureau recommends that the MBTA release RFPs for all or part of the MBTA's bus maintenance and management. We recommend that the RFPs include an assessment of the possible benefits and savings if the current Regional Transit Authority model were applied to the MBTA. The ability to modernize the MBTA through flexible contracting has a limited window currently which is why we believe the MBTA should proceed to release the RFPs.